

And now it's my honor to sign the Andean Trade Preference Act.

NOTE: The President spoke at 1:11 p.m. in Room 350 of the Dwight D. Eisenhower Ex-

ecutive Office Building. The Office of the Press Secretary also released a Spanish language transcript of these remarks. H.R. 7222, approved October 16, was assigned Public Law No. 110-436.

Letter to Congressional Leaders on Continuation of the National Emergency With Respect to Significant Narcotics Traffickers Centered in Colombia

October 16, 2008

Dear Madam Speaker: (Dear Mr. President:)

Section 202(d) of the National Emergencies Act, 50 U.S.C. 1622(d), provides for the automatic termination of a national emergency unless, prior to the anniversary date of its declaration, the President publishes in the *Federal Register* and transmits to the Congress a notice stating that the emergency is to continue in effect beyond the anniversary date. In accordance with this provision, I have sent to the *Federal Register* for publication the enclosed notice stating that the emergency declared with respect to significant narcotics traffickers centered in Colombia is to continue in effect beyond October 21, 2008.

The circumstances that led to the declaration on October 21, 1995, of a national emergency have not been resolved. The actions of significant narcotics traffickers centered in Colombia continue to pose an unusual and extraordinary threat to the na-

tional security, foreign policy, and economy of the United States and to cause unparalleled violence, corruption, and harm in the United States and abroad. For these reasons, I have determined that it is necessary to maintain economic pressure on significant narcotics traffickers centered in Colombia by blocking their property and interests in property that are in the United States or within the possession or control of United States persons and by depriving them of access to the U.S. market and financial system.

Sincerely,

GEORGE W. BUSH

NOTE: Identical letters were sent to Nancy Pelosi, Speaker of the House of Representatives, and Richard B. Cheney, President of the Senate. This letter was released by the Office of the Press Secretary on October 17. The notice of October 16 is listed in Appendix D at the end of this volume.

Remarks to the United States Chamber of Commerce

October 17, 2008

Good morning. I am pleased to be back to the U.S. Chamber. I want to thank the members of this fine organization for your efforts to support the spirit of free enterprise and to advance the interests of busi-

nesses, large and small, across our great country. I'm grateful for the opportunity to talk to you about a subject that's on all our minds, and that's the economy.

Bruce, I want to thank you for your leadership and your friendship. I want to appreciate the other members of the U.S. Chamber leadership group that is with us. I welcome the entrepreneurs that are with us; fellow citizens.

Our Nation is dealing with a serious financial crisis. Over the past month, Americans have witnessed fast-moving events involving complicated financial issues. I know many of our citizens are concerned about their finances. They're worried about the extent of Government intervention into the marketplace. In my conversations with business owners and workers and families across our country, I've heard the same message. The American people want a clear explanation of what this crisis means for them, what the Government is doing to fix it, and how this will affect the future of the free market that makes our economy so dynamic and prosperous. And that's what I've come to talk about.

To understand how this crisis unfolded, you have to look back more than a decade. For many years, the combination of low interest rates and the inflow of capital from around the world produced a period of easy credit here in the United States. This trend was especially apparent in the booming housing market, where many lenders issued mortgages to borrowers who could not otherwise afford homes. Many of those loans were then packaged into complex financial assets, which were sold to banks and investors all across the world.

These developments came together to set off a chain reaction when the housing market began to decline. With the supply of homes exceeding the demand from potential buyers, home values dropped. In addition, many homeowners with adjustable rate mortgages saw their interest rates suddenly reset to higher levels. Both these factors caused a number of borrowers to default on their mortgages. In turn, many institutions holding assets related to those mortgages suffered serious losses, which caused some of them to run short of cap-

ital. This led to high-profile bank failures, restrictions in lending, and widespread anxiety, all of which contributed to sharp swings in the stock market.

These developments were most visible on Wall Street, but their impact has reached far beyond. The drops in the stock market have eroded the value of Americans' retirement accounts and 401(k)s. The tightening of credit has made it more expensive for many families to borrow money for cars and homes and college tuition. Many healthy businesses have found it harder to get loans to expand their operations and to create jobs for our workers.

The Federal Government has responded to this crisis with systematic and aggressive measures to protect the financial security of the American people. People look at this crisis and say, "Oh, it's only Wall Street." I don't think so. As a matter of fact, I know that if we had not acted, it could affect the American people directly. The actions will take more time to have their full impact. It took a while for the credit system to freeze up; it's going to take a while for the credit system to thaw. These are decisive measures aimed at the heart of our financial challenges. And they're big enough and bold enough to work. And the American people can be confident that they will.

Let me explain this approach piece by piece.

First, the Government has focused on preserving the stability of the overall financial system. For example, out of concern that the failure of Bear Stearns, Fannie Mae, Freddie Mac, and AIG could collapse our financial system, the Government moved to protect the American people. We prevented a disorderly failure of these large, interconnected firms, and we did so in a way that protects taxpayers and does not shield executives from the consequences of their irresponsible decisions.

Second, the Government has taken unprecedented action to boost liquidity, the grease that keeps the gears of our financial

system turning. The Federal Reserve has used a variety of tools to inject hundreds of billions of dollars in new liquidity into the financial system. The Federal Deposit Insurance Corporation has temporarily guaranteed most new debt issued by insured banks, which will make it easier for banks to borrow needed money from each other. The Federal Reserve has announced a new program to provide support for commercial paper, which is a key source of short-term financing for American businesses and financial institutions.

Third, the Government has provided substantial new protections for responsible consumers, businesses, and investors. The Federal Government has temporarily expanded the amount of money insured in bank and credit union savings accounts, checking accounts, and certificates of deposit from \$100,000 to \$250,000. The FDIC has created a new short-term program to grant unlimited insurance for non-interest-bearing transaction accounts used by many small businesses. The Treasury has offered temporary Government insurance for money market mutual funds. The Securities and Exchange Commission is vigorously investigating fraud, manipulation, and abuse in the markets. These steps being taken by all these Federal agencies: providing greater peace of mind for the American people and greater stability for our financial system.

Fourth, the United States is cooperating closely with our partners overseas, who are also feeling the effects of this global crisis. Last week, the Federal Reserve and other central banks around the world enacted a joint cut in interest rates, which will help ease the pressure on credit markets around the world.

Last weekend, I met with finance ministers from the G-7 and G-20, groups representing some of the world's largest and fastest growing economies. On Wednesday, leaders of the G-8 issued a statement underscoring our commitment to work together to resolve the crisis. The statement

calls for a leaders meeting with a broader group of countries, developed and developing, to work together to improve the regulatory and institutional structures of our nations' financial systems.

Earlier this week, leaders in Europe announced steps to purchase equity in major banks and provide temporary Government guarantees for bank loans. Tomorrow at Camp David, I'll continue our close consultations by meeting with President Sarkozy of France and President Barroso of the European Commission.

Our European partners are taking bold steps. They show the world that we're determined to overcome this challenge together, and they have the full support of the United States.

Finally, the Government has undertaken an historic effort to address the underlying problem behind the freeze in the credit markets. Earlier this month, Congress passed bipartisan legislation authorizing the Treasury Department to use up to \$700 billion to help banks rebuild capital. This week, I announced that the Treasury will use a portion of that money to inject capital directly into banks by purchasing equity shares. Large banks, as well as smaller banks, community banks, and regional banks, will all be able to participate, at their choice. The new capital will help banks fill the gaps created by losses during the financial crisis, so they can make loans to businesses and consumers.

In addition, the Treasury will use part of the \$700 billion to purchase some of the troubled assets that are weighing down banks' balance sheets and clogging the financial system. This extraordinary effort is consistent with the G-7 action plan. It is designed with one overriding purpose: to help banks get money flowing, so small businesses can thrive and hire, so big businesses won't shut down operations. To help the American people is the goal of this plan.

The actions I just outlined represent an extraordinary response to an extraordinary

crisis. Some of the steps may sound like technical matters, but they will contribute real benefits to the American people. As they take effect, they'll help restore stability and confidence in the financial markets. They'll make it easier for Americans to borrow money for their cars and for colleges and basic necessities. They will speed the day when communities across our Nation return to the path of prosperity, job creation, and long-term economic growth.

I know many Americans have reservations about the Government's approach, especially about allowing the Government to hold shares in private banks. As a strong believer in free markets, I would oppose such measures under ordinary circumstances. But these are not ordinary circumstances. We took this measure as a last resort. Had the Government not acted, the hole in our financial system would have grown larger. Families and firms would have had an even tougher time getting loans, and ultimately, the Government would have been forced to respond with even more drastic and costly measures later on.

Some have viewed this temporary measure as a step toward nationalizing banks. This is simply not the case. This program is designed with strong protections to ensure the Government's involvement in individual banks is limited in size, limited in scope, and limited in duration.

The Government's involvement is limited in size. The Government will only buy a small percentage of shares in banks that choose to participate so that private investors retain majority ownership.

The Government's involvement is limited in scope. The Government will not exercise control over any private firm. Federal officers will not have a seat around your local bank's boardroom table. The shares owned by the Government will have voting rights that can be used only to protect the taxpayers' investment, not to direct the firm's operations.

The Government's involvement is limited in duration. It includes provisions to encourage banks to buy their shares back from the Government when markets stabilize and they can raise money from private investors. This will ensure that banks have an incentive to find private capital to replace the taxpayers' investment and to do so quickly.

For those worried about the long-term consequences of the actions, our history offers some comfort. On several occasions over the past century, the Government has taken partial ownership of private companies in the banking industry during times of great financial challenge, most recently during the savings and loans failures of the 1980s and 1990s. In every case, the Government relinquished its ownership stakes after the crisis ended, and we will do so again. The Government intervention is not a Government takeover. Its purpose is not to weaken the free market, it is to preserve the free market.

I know many are worried about the price tag of this rescue package. Every dollar spent will be subject to strong oversight by a bipartisan board. We will ensure that failed executives do not receive a windfall from hard-earned taxpayer dollars.

Ultimately, we believe the final cost will be significantly less than the initial investment. This is true for two reasons. First, many of the troubled assets that the Government buys will increase in value as the market recovers. That means that the Government eventually will be able to resell them for a higher price. Second, the Government will receive quarterly dividends from the equity shares it purchases in financial institutions. If banks do not repurchase these shares within 5 years, the dividends they owe the Government will increase substantially. This provides a clear incentive for banks to buy back their shares, thus returning the money to the taxpayers as soon as possible.

As we work to resolve the current crisis, we must also work to ensure that this situation never happens again. Above all, this requires updating the way we regulate America's financial system. Our 21st-century global economy continues to be regulated by laws written in the 20th century. Secretary Paulson has proposed a detailed blueprint for modernizing these regulations; others have put forward good suggestions. Enacting these ideas into law must be a top priority for the next President and the next Congress.

Just as importantly, we must guard against unintended consequences. We must ensure that new regulations aimed at Wall Street do not end up hurting responsible business owners, limiting the ability of American firms to raise capital, or putting American workers at a competitive disadvantage. We must ensure that this crisis does not become an excuse to raise taxes on hard-working Americans, which would only make the problem worse. We must ensure that our efforts to prevent a recurrence of this global crisis do not lead us to give in to false temptations of economic isolationism. The best way to demonstrate America's commitment to open markets is for Congress to approve the Colombia, Panama, and South Korea free trade agreements this year.

We must also ensure that Government officials do not abuse our temporary position as shareholders in banks. We must not blur the line between the Government and the private sector. We must not supplant the profit motive with political motives.

We must also never lose sight of the enormous benefits delivered by the free en-

terprise system. Despite corrections in the marketplace and instances of abuse, democratic capitalism remains the greatest system ever devised. It allows individuals to rise as high in their societies as their talents and ambition will take them. It rewards hard work, intelligent risk-taking, and the entrepreneurial spirit. Around the world, free market policies have lifted millions of people out of poverty and given them the opportunity to build a more hopeful life. And here at home, it has given our large and dynamic economy the flexibility and resilience to absorb shocks, adjust, and bounce back stronger.

In the long run, the American people have—can have confidence that this economy will recover. America is the best place in the world to start and run a business. America is the most attractive destination for investors around the globe. America is the home of the most talented and enterprising and creative workers in the world. We're a country where all people have the freedom to realize their potential and chase their dreams. This promise has defined our Nation since its founding; this promise will guide us through the challenges we face today, and this promise will continue to define our Nation for generations to come.

Thank you for listening. God bless you.

NOTE: The President spoke at 8:40 a.m. at the U.S. Chamber of Commerce. In his remarks, he referred to Bruce R. Josten, executive vice president of government affairs, U.S. Chamber of Commerce. The Office of the Press Secretary also released a Spanish language transcript of these remarks.

Remarks on the Visa Waiver Program *October 17, 2008*

Thank you all. Please be seated. Thank you. Welcome to the White House. I'm

pleased to stand with the representatives of seven countries—the Czech Republic,